

ENERGY NEWS

From the Iowa Department of Natural Resources
January/February 2002

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Bean Retires as Head of Energy and Geology at DNR

After more than 20 years of service to the state, Larry Bean, administrator of the Iowa Dept. of Natural Resources' Energy and Geological Division, retired Jan. 3, 2002.

"I have thoroughly appreciated and enjoyed working with Iowans to further energy policy, and to enhance geological resources in the state," said Bean. "I know the strong commitment to Iowa's environment will continue."

Bean focused on natural resource management practices that leverage economic and technological opportunities. He helped direct the DNR's efforts in state energy policy, energy emergency preparedness, renewable energy development, geographic information systems, groundwater protection and energy efficiency.

Bean also provided leadership to the energy arena on a state and national level. His positions included: chair of the State Energy Advisory Board in 1991-1994 and 1997-2001; chair of the National Association of State Energy Officials in 1994-1996; chair of the board of directors for the Center for Global and Regional Environmental Research at the University of Iowa; chair of the Iowa Rural Development Council in 2001; and chair of Iowa's Energy Fund Disbursement Council from 1986-2001, which distributed \$75 million in federal oil overcharge funds.

A native Iowan, Bean joined the Iowa Energy Policy Council in 1981, which later merged into the DNR in 1986 to become the current Energy and Geological Resources Division. He has bachelor's degrees in biology and chemistry from Morningside College and a master's degree in zoology from the University of South Dakota.

Elizabeth Christiansen, current administrator of the Waste Management and Land Quality Division at the DNR, has been named interim administrator for Energy and Geological Resources.

For more information, contact Sharon Tahtinen at (515) 281-7066; e-mail: Sharon.Tahtinen@dnr.state.ia.us

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From the Iowa Department of Natural Resources

Governor Vilsack Announces Energy Policy Task Force Recommendations

In Dec. 2001, Governor Tom Vilsack and Lt. Governor Sally Pederson unveiled a report from the Governor's Energy Policy Task Force offering energy efficiency and renewable energy development as important policies for the state.

The Task Force, led by former Cedar Rapids Mayor Lee Clancy and Des Moines business executive David Hurd, studied Iowa's energy consumption, supplies, and efficiency. The group recommended solutions for Iowans to have adequate and affordable supplies of energy, and for maximizing energy efficiency and the production of renewable energy.

Vilsack stated, "We must continue to find new and innovative ways to increase energy efficiency and reduce our dependency on outside energy resources. When energy costs rise dramatically, all Iowans suffer. Individuals on fixed incomes, trucking companies, manufacturers, and working families are forced to make dramatic changes to their budgets to meet their energy needs. The Task Force has offered creative recommendations to provide adequate energy supplies, ensure greater efficiencies, and develop new technologies."

Key recommendations made by the task force include:

- t Establish an aggressive conservation and energy efficiency goal to reduce energy use by the State of Iowa by 10 percent by 2010;
- t Establish an aggressive goal of 1000 MW of new renewable generation from wind, solar, and biomass resources by 2010. The first step in reaching this goal is to identify and eliminate regulatory barriers.
- t Consider options for attracting capital for building transmission lines and opportunities to coordinate and communicate Iowa's energy transmission needs to federal regulators and policymakers.

The Governor's Energy Policy Task Force was established in the fall of 2000 to examine how Iowa can ensure adequate and affordable energy supplies. The report is available electronically at: www.state.ia.us/dnr/energy/taskforce/report/taskforcereport.pdf

For more information, contact Sharon Tahtinen with the DNR at (515) 281-7066; e-mail: Sharon.Tahtinen@dnr.state.ia.us

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From the Iowa Department of Natural Resources

DNR Reorganization Plans Under Way

The Iowa Department of Natural Resources has announced plans to improve efficiency and customer service, while saving money. In Dec. 2001, the 1,100-employee agency unveiled plans to consolidate divisions and bureaus, and to move about one-fourth of Des Moines office workers to field locations within the next three to five years.

The plan, which requires legislative action to implement, will improve operations and performance of the DNR, said Director Jeffrey Vonk. He explained that the plan calls for reorganizing the department into three new divisions from the current seven by combining similar functions.

“Combining fish, wildlife, parks, forestry and law enforcement into one division of Living Resources and Recreation, better enables the coordination of similar functions,” said Vonk. “The same logic applies to combining water, air, geology, energy and waste, and watershed protection into the new Environmental Services Division. The third division, Management Services, provides administrative services to the agency,” he said.

Under the proposed plans, the Energy Bureau would consolidate with the current Waste Management Assistance Bureau.

“We believe we can maximize the opportunities offered to Iowa businesses and citizens by bringing together the programs of energy and waste,” said Elizabeth Christiansen, division administrator at the DNR responsible for waste and land quality. “It makes great sense that our policies and assistance programs in these areas move in a focused direction under one leadership.”

Vonk explained that during the next three to five years, routine employee turnover and voluntary transfers will enable shifting more than 100 Des Moines-based, environmental professionals to field locations throughout the state. He said the move is meant to provide a higher level of customer service where it is needed.

The DNR has established a team of staff members to implement the reorganization plans. Vonk will discuss the plans with the Iowa Legislature in the coming weeks is hopeful of support for law changes to implement the plan.

For more information, contact Ross Harrison at the DNR at (515) 281-5973; e-mail: Ross.Harrison@dnr.state.ia.us

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Iowa Organizations Honored with Environmental Excellence Awards

Twenty Iowa organizations, businesses and individuals received environmental excellence awards from Gov. Tom Vilsack at a ceremony Jan. 22 in Des Moines. Included were three organizations winning awards for work in energy efficiency and renewable energy development.

“These organizations serve as environmental leaders and models for each us to follow,” Vilsack said. “Safeguarding Iowa’s land, air and water is critical to our state, and I congratulate them for their outstanding work.”

The awards program honors Iowans for their leadership and innovation in protecting Iowa’s natural resources. Awards are given for comprehensive environmental programs by organizations, along with special project awards in water quality, air quality, waste management, habitat restoration and energy efficiency/renewable energy. The three energy awards winners included:

◆ **The Iowa Association of Municipal Utilities**, for its new energy efficient training and office complex near Ankeny. The building, which has a geothermal heat pump system, energy-efficient lighting and other energy-saving technologies, uses half the energy required by Iowa’s model energy code for similar-sized buildings. The association also installed a septic wetland for energy-efficient wastewater treatment. The building serves as a model to hundreds of visitors each year.

◆ **National By-Products** of Des Moines, a rendering plant that replaced fossil fuels with animal fats for fuel in boilers. The alternative fuel cut air emissions by half compared to those generated from petroleum-based fuels. National By-Products conducted stack emission tests at its Des Moines and Clinton facilities and shared the information with state environmental regulatory agencies, offering other companies the opportunity to understand the benefits of this alternative, reliable, fuel.

◆ **Wells Kastner Schipper**, an architectural firm from West Des Moines, for designing the Story County Human Services Building in Ames. Balancing customer needs, budget requirements, sustainable design, occupant comfort, and energy efficiency, the building will save county’s taxpayers at least \$20,000 per year in energy costs, and has a positive effect on worker efficiency thanks to its people-friendly design.

The awards were sponsored by the Governor’s Office, the DNR, the Dept. of Agriculture and Land Stewardship, the Dept. of Economic Development, the Dept. of Education, the Dept. of Public Health and the Iowa Waste Reduction Center.

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Mid-Heating Season Fuel Price Forecast

With half of the 2001-2002 heating season over, Iowans are spending less money this year to heat their homes and businesses. Consumers relying on natural gas for heat are expected to save more than \$300 on utility bills this year, compared to last year.

Natural gas prices have remained in the \$2.50 per MMBtu range this winter, compared to \$7.60 per MMBtu at this time last year. Most analysts forecast natural gas prices to remain weak for most of 2002, with demand running 5 percent below last year.

“Prices have been lower because of near-record natural gas storage levels and a sluggish economy,” said David Downing, energy data analyst. “The industrial sector especially has reduced natural gas demand, keeping prices stagnant.”

Propane and Heating Fuel Prices Low

Because propane is made from refined natural gas and crude oil, propane prices have followed trends in those markets. Retail propane prices are \$0.83 per gallon, down \$0.42 per gallon from last year. The average residential propane consumer can expect to pay \$225 less this heating season compared to last year. Analysts look for propane prices to remain near their current \$0.83-per-gallon average for the remainder of the heating season, with prices falling \$0.10 or more in late July and August.

Because heating oil is made from refined crude oil, prices follow trends in that market. The Iowa average retail price for heating oil is \$0.85 per gallon, down \$0.35 per gallon from last year. Heating oil prices have fallen due to lower crude oil prices, reduced weather-related demand and growing national inventory levels, which are now 21 percent above last year. The price of heating oil is projected to remain at or near current levels for the next month.

Oil Prices Could Rise

The one potential variance in fuel price forecasts is the crude oil market, according to Downing. Some analysts predict OPEC will consider further production cuts if crude oil prices remain below the \$22- to \$28-per-barrel range by the end of the first quarter 2002. If crude oil prices are pushed higher, heating oil and propane prices also will rise. Natural gas prices remain relatively unaffected by increased crude oil cost until consumers begin switching fuels, looking for cheaper sources for heat and electric generation.

“Look for potential rises in gasoline prices during the next three months,” said Downing. “Otherwise, consumers should enjoy continued low utility bills, unless colder-than-average temperatures hit the state during the rest of the heating season.”

For more information, contact David Downing at (515) 281-4876; e-mail: David.Downing@dnr.state.ia.us

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Iowa's Newest Wind Farm Under New Ownership

Entergy, a Houston-based energy company, has bought a majority ownership in Worth County's Top of Iowa wind farm. The wind farm is Iowa's newest major wind power production facility, coming on line in December 2001.

Entergy purchased a majority interest in the 80-megawatt wind farm from Zilkha Renewable Energy, also of Houston, and Midwest Renewable Energy Corp. Zilkha and Midwest will retain a long-term minority ownership in the project and Zilkha will continue to operate the wind generating facility.

The Top of Iowa wind farm includes 89 900-kW wind turbines on agricultural property owned by 52 landowners. Alliant Energy purchases all of the energy generated by the wind turbines, enough to supply about 25,000 homes. It is Iowa's third major wind project to be developed in the last four years.

Entergy is a global energy company that delivers electricity to about 2.6 million customers in portions of Arkansas, Louisiana, Mississippi and Texas.

For more information about wind power in Iowa, contact Lori McDaniel with the DNR at (515) 281-8094; e-mail: Lori.McDaniel@dnr.state.ia.us

New Ethanol Plants Will Boost Rural Economies

Eleven new ethanol plants in various stages of planning and construction will bring a major boost to Iowa's rural economic picture. The ethanol plants, which are being built in all regions of the state, will produce more than 330 million gallons of ethanol.

Of the 11 plants, six have officially broken ground and will be finished in 2002; an additional one is already producing ethanol. These seven plants will use more than 50 million bushels of corn each year and create 173 new jobs. Construction costs for the plants total \$238 million.

Additionally, nine of the ethanol plants are farmer cooperatives, allowing more than 3,400 farmers to benefit from production revenues.

The new ethanol plants are located in or near the towns of Burlington, Coon Rapids, Eagle Point, Earlville, Eldora, Fort Dodge, Galva, Lakota, Newell, Sioux Center and Woodbine.

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